Exploration Evaluation Geologist
N.T Geological Survey
Department of Business, Industry and Resource Development
GPO Box 3000
DARWIN NT 0801

Dear Sir,

ANNUAL REPORT –
SEL 10341 – BURNSIDE JOINT VENTURE.

Substitute Exploration Licence 10341 was recently purchased from AngloGold Ashanti Australia Ltd ("Anglo") by the Burnside Joint Venture partners (Buffalo Creek Mines Pty Ltd and Territory Goldfields NL) as a part of the package of tenements, licences and infrastructure comprising the Union Reefs gold mining project. Currently, transfer documents relating to the purchase are being processed through various avenues and consequently the JV partners have not carried out any work on the Licence. Anglo has confirmed that no work of a geological nature was performed by them and no expenditure was incurred on the Licence during the year ending 29/09/2004, a period during which Anglo was actively promoting and negotiating the sale of the project. A cheque in the amount of $50.00 is enclosed in payment of an application for variation of the expenditure covenant pertaining to the just completed reporting year.

Burnside intends to conduct a full economic and prospectivity review of the Licence using available data during the forthcoming reporting year ending 29/09/2005. The proposed expenditure for these activities is $1,750.00.

I look forward to your acknowledgement of receipt and acceptance of the report in due course. In the meantime please do not hesitate to contact us should you require any further information.

Yours faithfully,

L.D. (Alf) Valentine
Mining Title Consultant
20th October 2004